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MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE MARKETING AREA

Volume 20

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Number 7

Released Pursuant to \$1000.3 and \$1090.86, USDA-AMS
Federal Order No. 90, 112 Lee Parkway Drive, Chattanooga, Tennessee 37411
J. E. Bobo, Market Administrator

MARKET SUMMARY - FEBRUARY 1976

The Chattanooga Order minimum uniform producer price is \$10.52 per cwt. at pool plants for milk testing 3.5% butterfat. The producer butterfat differential is 9.3 cents for each one-tenth of one percent above or below 3.5% test. This is a price increase of \$2.03 above February 1975 and a decrease of 15 cents below January 1976.

In February 1976, 75.8% of producer milk received by pool plants was priced in Class I at \$11.23 per cwt., 7.2% was priced in Class II at \$8.35 per cwt. and 17.0% was priced in Class III at \$8.25 per cwt. for milk testing 3.5% butterfat. The February butterfat differential for all milk testing above or below 3.5% is 9.3 cents.

Total producer milk received at pool plants during February 1976 was 29,702,002 pounds which is an increase of 2,024,805 pounds or a daily average increase of 3.6% compared with February 1975. The February daily average deliveries from 538 producers was 1,904 pounds. This compares to 601 farms delivering a daily average of 1,645 pounds per day during February 1975.

USDA TO INCREASE SUPPORT PRICE FOR MILK

Secretary of Agriculture Earl L. Butz announced that the support price for manufacturing milk will be increased to 80 percent of parity, effective April 1. This support level will be subject to quarterly review and adjusted if necessary to assure an adequate supply of milk.

According to current data, a support level of 80 percent of parity would result in a support price of \$8.13 per hundredweight for manufacturing milk as of April 1. The law requires that milk be supported at such level between 75 and 90 percent of parity as the Secretary determines necessary to assure an adequate supply of milk to meet current needs, reflect changes in the cost of production and assure a level of farm income adequate to maintain productive capacity to meet anticipated future needs. The Secretary said the increase in support announced today is necessary to accomplish these objectives.

Consumption of nonfat dry milk has suffered serious declines in recent years and resulted in large Commodity Credit Corporation (CCC) purchases and inventories for which outlets have become increasingly limited. By assigning a larger proportion of the April 1 increase in the support price for milk to the purchase price for cheese, it was not necessary to increase the nonfat dry milk price, thereby preventing even further declines in its future use.

The purchase prices announced today may be adjusted as a result of the quarterly reviews of the support level for milk, or at the beginning of each quarter as a result of changes in production, consumption, market prices, and CCC purchases of the various products.

COMPARISON OF MILK RECEIPTS AND UTILIZATION
(DAILY AVERAGE POUNDS)

	% Feb. '76			
	Over	Feb.	Jan.	Feb.
	Feb. '75	1976	1976	1975
Number of Plants - Pool		4	4	4
- Non-Pool		11	11	15
<u>RECEIPTS</u>				
Pool Plants - Producer Milk	+ 3.6	1,024,207	940,272	988,471
- Other Source	- 2.1	48,584	47,927	49,615
- Other Federal Order	-10.6	3,857	14,393	4,313
Non-Pool Plants - Cl. I Sales in Area	- 8.4	60,397	63,253	65,906
TOTAL MILK RECEIPTS	+ 2.6	1,137,045	1,065,845	1,108,305

UTILIZATIONClass I Uses

Homogenized Milk	- 6.0	378,271	401,651	402,309
Lowfat - 2% Milk	+ 6.0	266,654	276,904	251,629
Skim Milk	- 4.3	20,564	20,969	21,487
Buttermilk	- 0.4	57,921	61,126	58,170
Flavored Milk and Drink	+11.1	37,931	34,492	34,127
Sub-Total of Pkg. Items (Pool Plants)	- 0.8	761,341	795,142	767,722
Other, Shrinkage		12,115	1,685	11
Sales to Non-Pool Plants	-15.0	2,787	12,401	3,280
In Area Sales by Non-Pool Plants	- 8.4	60,397	63,253	65,906
TOTAL CLASS I USAGE	- 0.03	836,640	872,481	836,919

Class II Uses - Pool Plants Only

Sweet Creams - Routes	+ 3.7	2,247	2,237	2,167
Sour Cream and Dip - Routes	+ 6.3	1,761	1,986	1,656
Yogurt - Routes	+43.3	755	581	527
Frozen Desserts and Ice Milk Mixes	+10.8	72,126	55,223	65,072
Other, Cottage Cheese, Inventory, etc.	-24.7	41,927	39,814	55,653
Sales to Non-Pool Plants	+ 1.3	5,495	5,396	5,423
TOTAL CLASS II USAGE	- 4.7	124,311	105,237	130,498

Class III Uses - Pool Plants Only

Animal Feed and Dumped	- 6.8	4,582	7,678	4,917
Class III Shrinkage	+38.6	16,563	15,602	11,953
Inventory Variation		11,229	9,976	(5,462)
Other, Overage, etc.		123	50	30
Bulk Sales to Non-Pool Plants	+10.9	143,597	54,821	129,450
TOTAL CLASS III USAGE	+25.0	176,094	88,127	140,888

IN AREA PACKAGE ROUTE DISPOSITION
BY POOL PLANTS AND NON-POOL PLANTS

Homogenized Milk	- 7.9	288,541	305,189	313,375
Lowfat - 2% Milk	+ 5.1	188,226	197,645	179,067
Skim and 1% Milk	- 7.0	14,769	15,129	15,882
Buttermilk	- 1.9	44,272	46,311	45,121
Flavored Milk and Drink	+11.2	31,109	28,102	27,964
Total Class I Disposition In-Area	- 2.5	566,917	592,376	581,409

CLASS I PKG. ROUTE DISPOSITION

In-Area by pool plants	- 1.7	506,520	529,123	515,503
In-Area by non-pool plants	- 8.4	60,397	63,253	65,906

COMPUTATION OF PRODUCER UNIFORM PRICE

Page 3

FEBRUARY 1976	Class Percent	Butterfat Pounds	Product Pounds	Cwt.Price @ 3.5%	Total Value
Class I Producer Milk	75.7897	581,128	22,511,055	\$11.23	\$2,527,991.48
Class II Producer Milk	7.1644	195,288	2,127,982	8.35	177,686.49
Class III Producer Milk	17.0459	389,543	5,062,965	8.25	417,694.61
TOTAL PRODUCER MILK	100.0000	1,165,959	29,702,002		\$3,123,372.58
Less Handler Class I Location Adjustment					-0-
Add Value of Overages					-0-
Add Inventory Reclassification Charges					-0-
Add Value of Class I Other Source Milk and Producer Location Adjustment					-0-
Add $\frac{1}{2}$ Producer-Settlement Fund Balance					15,733.74
Total Utilization Value @3.5% Test			29,702,002	\$10.568669	\$3,139,106.32
Less Producer Settlement Fund Reserve			29,702,002	0.048669	14,455.67
WEIGHTED AVERAGE PRICE @ 3.5% TEST			29,702,002	\$10.52	\$3,124,650.65

FEBRUARY 1976 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANTS
BUTTERFAT DIFFERENTIAL 9.3¢ PER POINT (EXCLUDES PREMIUM)

TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE
3.0	\$10.055	3.6	\$10.613	4.2	\$11.171	4.8	\$11.729	5.4	\$12.287
3.05	10.1015	3.65	10.6595	4.25	11.2175	4.85	11.7755	5.45	12.3335
3.1	10.148	3.7	10.706	4.3	11.264	4.9	11.822	5.5	12.38
3.15	10.1945	3.75	10.7525	4.35	11.3105	4.95	11.8685	5.55	12.4265
3.2	10.241	3.8	10.799	4.4	11.357	5.0	11.915	5.6	12.473
3.25	10.2875	3.85	10.8455	4.45	11.4035	5.05	11.9615	5.65	12.5195
3.3	10.334	3.9	10.892	4.5	11.45	5.1	12.008	5.7	12.566
3.35	10.3805	3.95	10.9385	4.55	11.4965	5.15	12.0545	5.75	12.6125
3.4	10.427	4.0	10.985	4.6	11.543	5.2	12.101	5.8	12.659
3.45	10.4735	4.05	11.0315	4.65	11.5895	5.25	12.1475	5.85	12.7055
3.5	10.52	4.1	11.078	4.7	11.636	5.3	12.194	5.9	12.752
3.55	10.5665	4.15	11.1245	4.75	11.6825	5.35	12.2405	5.95	12.7985

Support Purchase Prices
For Dairy Products

Produced before
April 1, 1976
Produced on or after
April 1, 1976
----- Cents per Lb.-----

Butter, U. S. Grade A or higher:

New York, N. Y. and Jersey City, Newark
and Sacaucas, New Jersey

81.25

87.75

Nonfat dry milk (spray) U. S. Extra Grade
(but not more than 3.5 percent moisture):

50-Pound bags

62.40

62.40

Cheddar Cheese, U. S. Grade A or higher
standard moisture basis

85.00

90.50

The price of butter located at any other point will be the price at New York, less 80 percent of the lowest published domestic railroad freight rate per pound gross weight for a 60,000 pound carlot, in effect on April 1 of each marketing year, from such other point to New York City named by the seller. However, no price at any location shall be less than the purchase price at New York City minus 3 cents per pound. (The support purchase price at Chicago, Illinois, for butter produced on or after April 1, 1976, is estimated to be approximately 85.76 cents per pound.)

CHATTANOOGA ORDER MINIMUM MILK PRICES (3.5 PERCENT TEST)

Date	PRODUCER UNIFORM PRICES 1/				HANDLER CLASS PRICES 1/		
	Per Hundredweight			Butterfat	Per Hundredweight		
	Uniform	Base	Excess		Class I	Class II	Class III
Feb. '75	\$8.49	-	-	7.8¢	\$8.95	\$6.95	\$6.85
Mar.	8.44 2/	\$8.75	\$6.86	7.8	9.00	6.96	6.86
Apr.	8.48 2/	8.78	6.95	8.0	9.00	7.04	6.94
May	8.60 2/	8.88	7.04	8.0	9.01	7.12	7.02
June	8.61 2/	8.90	7.13	8.0	9.09	7.21	7.11
July	8.76 2/	9.12	7.40	8.8	9.17	7.45	7.35
Aug.	8.95	-	-	9.6	9.26	7.80	7.70
Sept.	9.40	-	-	10.1	9.50	8.37	8.27
Oct.	9.71	-	-	10.7	9.85	8.70	8.60
Nov.	10.20	-	-	11.2	10.42	8.94	8.84
Dec.	10.47	-	-	11.9	10.75	9.18	9.08
Jan. '76	10.67	-	-	9.9	10.99	9.00	8.90
Feb.	10.52	-	-	9.3	11.23	8.35	8.25
Mar.	-	-	-	-	11.05	-	-
Apr.	-	-	-	-	10.40	-	-

Date	PRICE QUOTATIONS			PRODUCER MILK					
	Chi. 92°	Chi. Area	Minn/Wisc.	Daily Average Pounds			Percentage Use		
	Butter	Powder	Mfg. Milk	Class	Class	Class	Per Class		
	¢ Lb.	¢ Lb.	Cwt. -3.5%	I	II	III	I	II	III
Feb. '75	68.07	59.24	\$6.85	768,419	80,627	139,425	77.7	8.2	14.1
Mar.	68.07	60.58	6.86	738,878	82,184	181,403	73.7	8.2	18.1
Apr.	69.19	60.66	6.94	759,785	108,797	146,159	74.9	10.7	14.4
May	69.19	60.36	7.02	780,974	92,334	110,920	79.3	9.4	11.3
June	69.19	60.44	7.11	721,087	118,266	113,532	75.7	12.4	11.9
July	76.62	60.45	7.35	758,335	126,105	96,461	77.3	12.9	9.8
Aug.	83.56	61.44	7.70	774,089	122,771	68,717	80.2	12.7	7.1
Sept.	87.87	64.08	8.27	845,822	63,103	22,796	90.8	6.8	2.4
Oct.	93.04	68.29	8.60	802,424	61,598	42,129	88.6	6.8	4.6
Nov.	97.28	71.36	8.84	789,061	61,333	70,400	85.7	6.7	7.6
Dec.	103.62	71.17	9.08	781,138	56,999	106,216	82.7	6.0	11.3
Jan. '76	86.12	66.04	8.90	793,143	65,413	81,716	84.3	7.0	8.7
Feb.	80.94	64.25	8.25	776,243	73,379	174,585	75.8	7.2	17.0

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK 3/			PRODUCER DATA					
	No.	Total	Class I	Pool	No.	Total	Base	Average	Av. Per
	Hdlers	Receipts	Use	Plants	Prod.	Delivery	Delivery	Test-%	Farm
Feb. '75	19	1,108,305	836,919	4	601	988,471	-	3.85	1,645
Mar.	18	1,124,083	803,678	4	567	1,002,465	841,666	3.87	1,768
Apr.	18	1,122,545	825,321	4	562	1,014,741	854,515	3.78	1,806
May	18	1,101,844	846,701	4	557	984,228	840,125	3.74	1,767
June	18	1,057,279	772,728	4	570	952,885	802,710	3.71	1,672
July	18	1,097,026	811,262	4	625	980,901	782,023	3.64	1,569
Aug.	16	1,063,347	704,708	4	612	965,577	-	3.60	1,578
Sept.	16	1,077,503	908,919	4	540	931,721	-	3.66	1,725
Oct.	16	1,046,372	867,764	4	505	906,151	-	3.81	1,794
Nov.	15	1,035,802	845,453	4	501	920,794	-	3.87	1,838
Dec.	15	1,042,931	840,671	4	507	944,353	-	3.97	1,863
Jan. '76	15	1,065,845	872,481	4	509	940,272	-	4.03	1,847
Feb.	15	1,137,045	836,640	4	538	776,243	-	3.93	1,904

1/ Excludes Premium

2/ Weighted Average Price

3/ Other Source is Gross Minus Producer